

ELECTRO MOTIVE

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January 27, 2006

Dr. Robert F. Sawyer
Chairman
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Martha Lenz
06-1-6

Dear Dr. Sawyer:

Electro-Motive Diesel, Inc. (EMD) supports the railyard Memorandum of Understanding (MOU) entered into by the California Air Resources Board (CARB) with Union Pacific Railroad Company and BNSF Railway Company. We strongly urge the Board to support the continued implementation of the MOU at the hearing on Friday, January 27, 2006.

The Class 1 railroads operating in California have demonstrated their commitment to reducing emissions statewide and nationally. Specifically, the railroads have:

- Purchased from EMD in 2005 115 line-haul freight locomotives conforming to EPA Tier 2 emissions standards, and have ordered an additional 170 to be delivered in 2006.
- Increased the use of low-sulfur fuel in California.
- Submitted study plans for health risk assessments at designated yards.
- Limited nonessential locomotive idling to 60 minutes and installed or ordered required idling devices.
- Decided to continue the diesel particulate filter technology and pilot program and provided an update.
- Provided 1-800 numbers to communities to report idling or smoking locomotives.
- Conducted training sessions to inform staff how to implement the new anti-idling and visible emission requirements.
- Provided Visible Emission and Idling Coordinators at each designated rail yard.
- Conducted early reviews of possible short-term action to reduce emission at designated rail yards.
- Held or scheduled community meetings concerning over 50% of the designated yards to discuss early actions to reduce emissions.
- Drafted program review and inspection protocols.
- Announced plans to acquire over 70 new low-emission switch locomotives for operation in the Los Angeles basin in 2006 and 2007. These will replace 50 per cent of the low horsepower units in the basin and in combination with other

locomotive emissions strategies already in place will provide a more than 90 per cent reduction in nitrogen oxides and diesel particulate emissions.

Electro-Motive has supported our railroad customers in these emissions reductions, and will continue to do so. Our efforts include:

- The commitment of significant resources to emissions reduction. We have developed locomotive engines to meet EPA Tier 0, Tier 1, and most recently Tier 2 standards. Our development efforts continue in anticipation of future standard Tiers.
- Active engagement with EPA Assessment and Standards Division in development of the next Tiers of standards.
- Investigation of re-engining possibilities of existing low-powered switching and branch line locomotives with engines meeting Tier 2 standards, in support of customer requirements.

Electro-Motive views voluntary agreements, such as the CARB/Rail MOU as an important way for federally preempted industries and the State to achieve mutually beneficial goals. Without this key tool, the state will not be able to negotiate tangible environmental and social improvements.

Additionally, the termination clause is essential to ensure consistent statewide regulation and to avoid a patchwork of regulations that could potentially discourage the use of rail, currently the most environmentally friendly way to move freight, by creating barriers to efficient operations. Staff and the railroads have fulfilled the Air Resources Board's October request and have clarified the termination clause to ensure all parties understand this important part of the MOU.

Rail is a key component of the goods movement system within California and throughout the nation. Electro-Motive supports CARB's efforts to ensure efficient, environmentally sound transportation of goods. We encourage your Board to continue implementing the agreement.

Regards,

Martha A. Lenz
Director, Engine and Engine Systems Design
Electro-Motive Diesel, Inc.

cc: Lori Andreoni – California Air Resources Board
Lanny Schmid – UPRR
Darcy Wheelles – California Environmental Associates